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MATERIALS ON
CONSUMER LAW
AND CONSUMER PROTECTION

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Professor Jacob S. Ziegel

Volume 2

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CONSUMER CREDIT PERSPECTIVES: CURRENT
TRENDS AND EMERGING PROBLEMS

Materials Prepared and Collated by Brian Mooney.

RESOURCE MATERIALS:

- (1) OMITTED.
- (2) Commercial and Consumer Law Casebook (1974-5 ed.). See generally, pp.752-815. Specifically, see "The Economic Significance of Consumer Credit", p.755; "Fight over Credit Card Market getting more Intense", p.791.
- (3) Attached materials.
- (4) CCH Sales and Credit Law Guide
 - (i) The Consumer Reporting Act, R.S.O. 1973, C.97 and Regulations, O.Reg. 251/74
 - (ii) The Consumer Protection Act, R.S.O. 1970, C.82, ss. 1(k); 36-41; 47. Regs. 13-19
 - (iii) The Bank Act, R.S.C. 1970, c.B-1, ss.91, 92 and Bank Cost of Borrowing Disclosure Regulations SOR/67.

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(5) See also,

- (i) The Criminal Code, R.S.C. 1970, C-34, ss.319, 320.
- (ii) Table: "Consumer Credit, outstanding balances of selected holders", from last week's materials, p.1
- (iii) Ziegel, "Canadian Consumer Reporting Legislation: Trends and Problems" 11 O.H.L.J. 503.

ATTACHED MATERIALS:

- (1) "In Defense of Consumer Credit", Dr. Douglas D. Peters, in The Canadian Credit Institute, March 1972.
- (2) "Will consumers stop buying?", Bus. Week., Oct. 12/74.
- (3) "How to Shop for Credit", 40 Consumer Reports No. 3, March/75, p.171.
- (4) "Hard look at credit card trends is needed", Reprint from the Globe & Mail, Sept. 5/74.
- (5) "Banks may switch to consumer loans", Reprint from Ottawa Citizen, Feb. 12/74.
- (6) "Credit: a major problem for women", Financial Post, Apr.13/74.
- (7) "Report on Consumer Credit", by the Special Joint Committee of the Senate and the House of Commons on Consumer Credit and the Cost of Living, 1967, pp.1-8.
- (8) "Recent Developments in Canadian Consumer Credit Law", Ziegel, 36 M.L.R. 1973, pp.487-493.
- (9) "The Effects of Consumer Credit Price Ceilings", Dr. R.W. Johnson, Canadian Consumer Credit Factbook 1972, pp.1-5.
- (10) CHARGEEX materials. (See also Casebook, pp.802-803).
- (11) MASTER CHARGE materials.
- (12) SIMPSON-SEARS monthly statement.

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- (13) "It's in the banks' interest to keep customer paying minimum amount on credit card balance", Globe & Mail, Aug. 8/74.
- (14) "Stop using credit cards, Ontario tells food chains", Globe & Mail, Nov. 9/74.
- (15) "Provinces' hands seem tied on credit-card groceries", Financial Post, Nov. 16/74.
- (16) Excerpt from "Recent Developments in Canadian Consumer Credit Law", Ziegel, (1973) 36 M.L.R. pp.493-495.
- (17) The Fair Credit Billing Act, 93rd Cong., 2nd sess., P.L.93-495; 88 Stat. 1500. An act to amend certain provisions of the Truth in Lending Act, 15 U.S.C.A., s.1601.
- (18) "Electronic Banking Systems and Their Effects on Privacy", H.S. Gellman. A study for The Privacy and Computers Task Force, Dept. of Communications and Justice (Can) 1972, pp.40-49.

QUESTIONS:

- (1) The latest Statistics Canada figures released show that as of January 31, 1975, consumer credit outstanding was \$16.19b., an increase of 17.1% from a year earlier. Personal cash loans by chartered banks increased 22.6% to \$10.89b. This represents 67% of the total outstanding. At the same time, sales finance and consumer loan companies held only \$1.17b. in retail instalment credit, an increase of 3.3%, and \$1.5b. in personal cash loans, an increase of 5.6%.

What are the implications of this trend? Are they beneficial to society in general? See the Gellman study.
- (2) What criteria are employed by the banks and large retailers in granting credit? What use do banks make of their unique position among consumer credit grantors by virtue of the fact that they are a major deposit-taking institution who are able to, among other things, examine cheques issued by depositors to competitors in the consumer credit industry?

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- (3) To what extent are banks involved in buying dealers' instalment paper? What participation do banks have in sales finance and consumer loan companies as creditors? What are the implications of this? e.g. in bankruptcies, consumer remedies against assignee?

- (4) See the FAIR CREDIT BILLING ACT attached, and examine it in conjunction with its original form (p.805 Casebook) and Professor Ziegel's article cited above. Would Canadians benefit substantially from similar provisions? What are the banks' and large retailers' responses to such legislation?

